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ABSTRACT

Ireland's Industrial Restructuring Training Programme (IRTP) was evaluated to determine its effectiveness as a vehicle for improving the managerial and supervisory skill levels of employees in existing enterprises. Data were collected from the following sources: review of all program-monitoring documents submitted since the IRTP's inception; review of pertinent literature; interviews with a cross-section of individuals involved in national- and regional-level administration of the IRTP; interviews with representatives of 2 companies receiving funding under the program; and more comprehensive survey of 101 randomly selected employers regarding training and recruitment policies. Although the IRTP was determined to be highly relevant, its actual impact could not be assessed fully because of a lack of sufficient follow-up data. It was concluded that an additional year of accurate follow-up data is required for a conclusive evaluation of the IRTP. Among the 11 actions recommended to improve the IRTP were the following: increase the focus of the Training Support Scheme (TSS) by making special provision for companies in traditional sectors and altering the banding system to increase benefits to the very smallest companies; target future training assistance under the TSS to nonfirm-specific training; increase attention to training methods; and improve procedures for evaluating trainers and training. (Contains 10 tables.) (MN)

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European Social Fund

PROGRAMME EVALUATION UNIT

Evaluation Report

Industrial Restructuring Training Programme

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Located in the Department of Enterprise and Employment, the European Social Fund Programme Evaluation Unit reports jointly to that Department and the European Commission.

Industrial Restructuring Training Programme

DUBLIN
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1: INTRODUCTORY COMMENTS

The Industrial Restructuring Training Programme (IRTP) is a sub-measure of the Management Development for the Internal Market measure within the Human Resources Sub-Programme of the Industry and Services Operational Programme. It is administered by FAS, the Training and Employment Authority. The IRTP began operation in September 1990 following approval by the Department of Finance.

Irish industry operates at a significant disadvantage when compared to competitors overseas. Distance from export markets is a major problem for Irish exporters and one which will not disappear as internal borders are eliminated after the completion of the internal market. The Channel Tunnel will connect the UK to the rest of Europe but the Irish Sea continues to distance Irish industry from its markets. The generally small size of Irish companies means that economies of scale are seldom achieved. Information quoted later in this report outlines just how small Irish companies are, a factor which creates a number of problems to be overcome if they are to compete in Europe with any chance of success. The small size of companies is one element contributing to an overall reluctance to train and retrain. There is general agreement that upgrading the skill levels of the Irish workforce would create a significant advantage for Irish industry. Human resources are an area where Ireland has the potential to lead in Europe.

The Industrial Restructuring Training Programme is a response to these issues. The programme is on a small scale and has operated for just over two years. In view of its potential importance for Irish industry and the EC Commission's increasing emphasis on the adaptation of industry in Europe to meet the challenges of the internal market, it is appropriate to carry out an evaluation at this stage.

Objectives

The basic objective of the IRTP, as set out in the Operational Programme, is to improve the managerial and supervisory skill levels of employees in existing enterprises. Under the Sub-Programme for Human Resources, a budget of IR£23.2m was allocated to the sub-measure for the period 1990 to 1993 with IR£15.08m being received from the European Social Fund (ESF). This was to fund the training of 50,000 people on courses of an average duration of five weeks. To qualify for assistance a company was to have a development plan and to show how training fits into well thought-out objectives. A maximum of

IR£50,000 or IR£2,800 per employee per annum was to be available to an enterprise. The Sub-Programme also mentions 11% participation by the unemployed but this did not materialise and will be referred to again later in this report.

The evaluation of the sub-measure proceeded on the basis of cross-checking what has been achieved to date with the objectives and figures set out in the Operational Programme.

Methodology

A four step approach was taken to the evaluation, as follows:

i) A review of all monitoring returns submitted by FAS since the IRTP came into operation.

ii) A review of recent literature/research likely to have a bearing on the programme.

iii) A series of interviews with a cross-section of those people within FAS most closely involved in the administration of the programme at both national and regional level.

iv) a) A series of interviews with a limited number of companies who are in receipt of funding under the programme.

b) A more comprehensive survey of employers relating to training and recruitment policies generally was also conducted. While this survey encompassed training other than that provided under the IRTP, its results do touch on this measure and are therefore included.

2: REVIEW OF MONITORING RETURNS

This section contains an analysis of the monitoring material and final claims submitted to the Department of Labour. Material on expenditure supplied directly to the Programme Evaluation Unit by FAS is considered in section 6 below. A summary of monitoring information to date is presented in the table below.

1. [illegible]

(Current Prices)

	Total	ESF	State	Numbers
1990				
OP Forecast	6.03	3.92	2.11	12,749
Actual	2.88	1.87	1.01	37,000
1991				
OP Forecast	6.29	4.09	2.20	12,749
Actual	4.75	3.09	1.66	17,232
1992				
OP Forecast	6.71	4.36	2.35	12,749
Revised Forecast	7.89	5.13	2.76	12,749
1993				
OP Forecast	6.71	4.36	2.35	12.749
Revised Forecast	6.71	4.36	2.35	12,749
1990 - 1993				
OP Forecast	25.74	16.73	9.01	50,996
Revised Forecast	22.23	14.45	7.78	79,730

2. ANALYSIS OF BENEFICIARIES, 1991

1991	Total	Male	Female	Under 25	Over 25
	17,232	12,449	4,783	5,169	12,063

As can be seen from Table 1 above, at the end of 1991, only 30% of originally forecast expenditure for the four year period had been incurred. This reflects the transfers of moneys

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out of the IRTP since its inception. However, at the end of 1991, 106% of forecast numbers had been trained. This results from the 1990 activity figure - 37,000 - being vastly in excess of the forecast (12,749). It transpired, in the course of interviews conducted with FAS as part of this study, that the 37,000 figure was an error and the correct figure was approximately 12,000. This point raises questions about the recording procedures employed in the first year of operation. However, systems for recording activity appear to have improved significantly in 1991.

Analysis of the monitoring returns also showed, as indicated in Table 2 above, that more than twice as many males as females were trained under the measure in 1991. The figures also show that the vast majority of those trained were over twenty five.

A third point thrown up by an analysis of the monitoring returns is that the duration of training courses was considerably less than the five weeks originally envisaged in the Operational Programme. The average number of hours training undertaken by trainees in 1990, for example, was 18 - considerably less than the 117 hour forecast. In 1991 it was 29 hours. The question to be addressed was if this devalued the scheme in any way, particularly if such limited amounts of training could be of benefit to trainees. The explanation for short training courses was that employers were unable to release workers for longer periods.

A fourth point was that while the Operational Programme refers to improving managerial and supervisory skill levels, in practice much of the training supplied under the sub-measure seems to cover the technical/operative level. This issue required further investigation.

One further point arising in relation to the actual description of the IRTP in the Operational Programme is that it refers to 11% of the participants in the scheme being unemployed. However, the scheme is clearly aimed at people in employment. It is not a major issue but it is mentioned to prevent a similar statement being included in any future Operational Programme on Industry and Services.

In addition to the specific issues mentioned above, the analysis of monitoring material also raised general points in relation to the programme. These are listed below.

i) Are the development plans submitted by companies adequate, i.e., do companies receive assistance on the basis of clearly identified training needs?

ii) What are FAS's recording mechanisms in relation to the programme? What information is gathered? How exactly are numbers trained, activity days, etc. measured?

iii) What courses are run under the sub-measure?

iv) Who provides the training?

v) Is there any formal certification of training?

vi) What is the balance between operative and management/supervisory level courses?

vii) How are trainers evaluated?

viii) What kind of companies receive assistance under the measure - indigenous, international, both? Are the majority large, small, medium-sized?

ix) Is any attempt made to measure improvements in performance following training, for example, increased productivity, more efficient work practices?

x) Is the feedback of trainees monitored?

Apart from the above questions arising from an initial review of material relating to the IRTP, one fundamental question must always lie behind the evaluation of such a programme, i.e., is there a valid case for State/EC support for such training in the first place? Perhaps the Irish situation should be more akin to that in other countries where industry pays for more of its own training. Any evaluation of the IRTP must proceed with these questions in mind. How the IRTP has worked in practice will inform the debate on this issue.

3: LITERATURE REVIEW

Before addressing the various questions raised a review of recent literature likely to be of relevance to the IRTP was undertaken. A brief summary of the points of most interest is contained below.

FAS/MRBI Survey on the Training Needs of the Employed

In 1989 FAS and the MRBI conducted a study of the training needs of industry. The study was part of the preparation of the FAS Development Plan 1989-93 and covered a sample of companies in manufacturing, construction and services. The survey was undertaken prior to the commencement of the IRTP and, therefore, provides a point of comparison for a before and after assessment of the sub-measure. Among the major findings were the following:

i) 50% of employees in industry received some training but only 21% received off the job training while only 11.6% received more than four days training off the job. Much less training took place in the services sector.

ii) Professional and technical people ranked second highest to apprentices in the amount of off the job training received.

iii) Almost 20% of supervisors received more than four days off the job training.

iv) 30% of managers received some off the job training but only 17% had more than four days off the job training.

v) The lowest incidence of training was amongst administrative and clerical people, craftspeople and operatives.

vi) Large firms undertook much more training than small firms.

The survey also revealed that 15% of companies complained of a lack of suitable courses. Companies felt that FAS could help by providing more grants, more information and by visiting companies more often.

The survey highlights a general lack of training in Irish industry. Its results show that 83% of managers and 80% of supervisors received less than four days off the job training in

1989. Other members of the workforce received even less. Very little training of any kind takes place within small firms.

Management Training in Ireland. (The Galvin Report 1988)

The Galvin Report was completed by the Advisory Committee on Management Training in 1988. The Committee commissioned the MRBI to conduct a survey of 400 organisations to ascertain the extent of management training in the private and public sectors.

The main points of interest are summarised below:

i) Approximately one third of all managers attended some form of course in 1987. The proportion was higher in the foreign owned, larger and older companies and lower in medium-sized companies. These results are consistent with the findings of the FAS/MRBI survey.

ii) Foreign-owned companies train more than Irish-owned companies and this gap is particularly evident in the case of manufacturing industry.

iii) Foreign-owned companies also had a higher level of expenditure on management training than Irish-owned companies.

The results of this survey further support the conclusion that there is a dearth of training within Irish industry. They show in addition that Irish-owned companies, particularly those in the manufacturing industry, train considerably less than foreign-owned companies.

Training in the Clothing Sector. (FAS/Colin McIver Associates 1991)

Colin McIver Associates were commissioned by FAS's Textile, Clothing and Footwear Industrial Training Committee to complete a study of the manpower and training needs of the clothing industry. The study was published in October 1991.

While referring to a specific industrial sector, the results are, nonetheless, informative for present purposes. The most relevant points are:

i) Management Training: Only 27% of companies undertook any management training in 1990. This was lower than the generalised position in industry where about one third of all managers received some training.

ii) Technical Training: 16% of companies undertook some technical training in 1990 and this covered approximately one in three technical employees.

iii) Training by equipment suppliers was mainly off the job in the supply firms premises and equipment suppliers are regarded as a very important source of up-date training for technicians and maintenance personnel. Most other training in relation to automation and new technology was on the job.

iv) The incidence of technical training in the industry is much lower than in industry as a whole where 33% of craft people and 65% of technicians received training in the previous year.

v) 35% of companies undertook operative training in 1990 and about 1 in 5 operatives received training. Operator training focused primarily on giving basic operative skills with only a limited amount of skills upgrading and retraining.

It is evident, therefore, that the amount of training undertaken in the clothing industry is significantly lower than in industry as a whole. As it has already been established that training within industry generally is low, this study shows that certain sectors suffer from exceptionally low rates of training. This must reflect on the competitiveness of firms within such sectors both internally and on the international market.

Industrial Training in Ireland (Roche and Tansey)

This report was prepared as one of a number commissioned by the Industrial Policy Review Group as part of its work in reviewing and making recommendations on industrial policy in Ireland. Many of its findings were incorporated into the Review Group's final report, "A Time for Change: Industrial Policy for the 1990s", also referred to as the Culliton Report.

Roche and Tansey draw a number of conclusions based on the evidence provided in the various reports mentioned above, on some comparative data collected by, among others, the OECD and on some limited surveys which they undertook themselves. Their conclusions are as follows:

i) In terms of training in general, 21% of employees in Ireland received some off the job training compared to 25-40% in more developed countries.

ii) In Ireland 35% of managers receive some off the job training compared with 50% in other more developed countries.

iii) The amount of training received by technologists, professionals and technicians in Ireland, at 50%, is about the same as the international experience.

iv) At the craft level only 11% of Irish craftpersons received any ongoing formal training compared to 15-48% internationally.

v) The average duration of off the job training in Ireland is estimated to be about one day. For those who receive off the job training, 21% of the total, the average duration of such formal training is seven days. In more developed countries it is double this number.

In their report Roche and Tansey point out that "there are clear indications that training incidence tends to increase with firm size". Small firms, they point out, find off the job training particularly burdensome since it can result in their being deprived of a significant proportion of their total workforce. Elsewhere they remark that "large scale modern industrial enterprises meet their own training needs principally from their own internal resources and without interference." Small firms in traditional industries show a marked reluctance to train.

Roche and Tansey observed that "indigenous firms are not generally aware of the gap which exists between the levels of skills in their firms and best international practice." They also say that "the findings from research that there are no real skill shortages in Irish industry really proves that there is no shortage of people to fill particular jobs. It does not prove that people have the right level of skills." The essential conclusion from the study of the clothing industry was that "Irish industry has a substantial real skills gap in many areas."

All of the evidence quoted above indicates a marked shortage of training in Ireland as compared to other countries. It also shows that the lowest levels of training take place within small, indigenous companies in the traditional sectors. There is clearly a need to be addressed. The IRTP aims to increase the skill levels of employees in existing enterprises and should therefore go some way towards addressing this need. What now needs to be determined is whether the IRTP, as it operates in practice, actually achieves its objectives.

(Both the Roche and Tansey Report and the recent Deloitte and Touche Report on the Industry and Services Operational Programme make specific reference to the IRTP. These will be referred to under Section 8 of this report.)

4: THE IRTP IN PRACTICE

A REPORT BASED ON INTERVIEWS WITH FAS PERSONNEL.

This Section describes how the IRTP operates in practice, based on information supplied in the course of interviews with FAS. Comment on the findings will largely be reserved for the later Section 7 on evaluation.

The IRTP is divided into four parts:

i) The Training Support Scheme,
ii) The National Training Awards and associated advertising campaign,
iii) Special Initiatives, and
iv) Sectoral Surveys.

i) The Training Support Scheme (TSS) is the component most directly related to the description in the Operational Programme. It involves the allocation of training grants to companies who complete a business/training plan. (Training grants are also awarded to Trade Unions for the provision of training in industrial relations practices etc.)

ii) The National Training Awards are part of a major effort to promote training generally. The long-term objective of the IRTP is not simply to raise skill levels by providing training support but also to educate companies of the benefits of funding training themselves. Consequently, a substantial sum has been spent on an advertising campaign and on initiating the Training Awards. The latter are designed to raise the profile of industrial training at both the regional and national levels.

iii) Special Initiatives are large-scale training programmes designed to help specific sectors develop special training initiatives to meet manpower and training needs. Examples include special scholarships for the clothing industry and a programme of training in maintenance management for the corrugated paper industry.

iv) Detailed surveys of specific industrial sectors are currently being undertaken. A report on the Clothing Industry incorporating a review of training needs has already been completed (see previous section). Reports on the Engineering and Food Industries are expected to be completed by January 1993. A report on the Chemical Industry is due for completion in March of 1993. Small-scale reports on the wholesale and retail industries have been completed and studies will be undertaken next year of the

Construction and Printing and Paper Sectors. It is felt that these reports will be of immense value in identifying the training and manpower needs of industry.

ESF funding presently applies to only the TSS (including Trade Union training). It does not apply to promotion generally, the Training Awards, the Special Initiatives or Sectoral Studies. This evaluation is concerned primarily with those elements which are ESF funded under the Industry and Services Operation Programme (the TSS and Trade Union Training.) However, to properly evaluate the TSS, it must be viewed in the context of the other elements of the programme. Moreover, some of the recommendations contained in this report relate to or impinge upon non-ESF funded aspects. Specific details in relation to funding can be found in the section on expenditure.

Organisation/Administration

FAS has ten regions throughout the country. The Service to Industry Manager within each region co-ordinates the TSS for that region and is assisted by a number of Industrial Advisors.

The approach has been to fine-tune the IRTP - and especially the TSS - as it progresses to ensure increased effectiveness and value for money. Thus, in 1990 the TSS operated on the basis of two bands, i.e., firms with under 50 employees were funded up to a maximum of 80% while firms with between 51 and 500 employees received up to a maximum of 50% with the firms themselves making up the balance. Three bands have been introduced for 1992:

- Firms with 50 employees or less receive up to 65% aid;
- Firms with 51 to 200 receive up to 40% aid; and
- Firms with between 201 and 500 receive up to 25% aid.

This change was introduced to reverse the trend where larger rather than smaller firms received a marginally higher percentage of funding.

Refinements have also been introduced to the method of training funded. While the bulk of training under the TSS is presently external, i.e., trainees leave the work place to attend courses, more effort is being made to further promote in-company training. This arises not only because small companies cannot afford to release people but because the value and cost effectiveness of certain types of training is often greatly increased when it is delivered in-house. There are also indications of a move towards Open Learning as a training mechanism.

Two further refinements to the Industrial Restructuring Programme for 1992 are:

i) no grants will be forthcoming if the applicant company owes money under the levy/grant scheme; and
ii) applicant companies must complete a tax clearance certificate as part of the application procedure.

The various refinements outlined above have improved the programme in terms both of its focus and operation.

Division of Functions between FAS Head Office and Regions

The Special Initiatives are the only part of the IRTP in which the regions are not involved. The regions have a limited involvement in the sectoral studies in that they, along with representatives of the Industrial Training Committees, are members of the Working Party set up to progress the studies. In relation to promotion, advertising tends to be co-ordinated at national level but regional advisors are involved in the Training Awards Scheme. They encourage companies in their region to apply and all applications are adjudicated in the regions. Three winners are selected in each region and national winners are selected from the regional winners.

Target Companies/Focus

The TSS is focused on small or medium sized, largely indigenous, companies. "Indigenous" in this context encompasses not only native-owned but also some foreign-owned companies which have become well-established in this country.

In 1991, 1,087 companies received training assistance under the TSS. Levels of assistance to companies ranged from £34,200 downwards. FAS identifies three company categories for TSS purposes as follows:

i) manufacturing industry;
ii) physical distribution, e.g. road haulage, freight forwarding, warehousing and distribution; and
iii) internationally traded services, e.g. computer services, R and D services and film and recording services.

The TSS is designed to assist companies who have limited working capital, undeveloped systems and a poor infrastructure. A poor infrastructure was defined by one of the FAS managers spoken to as the gap which tends to exist in small Irish companies between the

management level and the craft or shopfloor level. In equivalent Danish companies, the manager pointed out, this gap is filled with specialist technicians, graduate engineers, financial controllers and supervisors all of whom contribute significantly to an increase in productivity. Filling these levels in Irish companies should be the aim of the TSS. If, for example, owner/managers of small companies are encouraged to train supervisors and financial staff, they will release more of their own time for planning and policy development. In this way, it is argued, the competitiveness of Irish companies will be increased and such companies will come to contribute considerably to the generation of wealth in the Irish economy.

Training Categories

Within each company category the following training categories are employed:

- strategic planning
- management
- information systems
- technical
- marketing/sales/language
- productivity
- quality/service
- finance.

Details of activity are compiled by

i) company category/training category,
ii) county/training category; and
iii) designation (sector)/training category.

A summary of information relating to the TSS (excluding Trade Union Training) is given in the table below. This information is based on direct costs and does not include staff costs or the apportionment of overheads.

TSS - SECTOR AND TRAINING CATEGORIES									
ALL REGIONS:- 1991									
SECTOR	TOTAL:- £3,183,775				PARTICIPANTS:- 14,411				
	0-50	%	51-500	%	Category	0-50	%	51-500	%
Manufacturing	£1,836,458	58	£1,016,470	31	Management	2,956	21	3,745	25
					Operative	2,114	14	4,407	29
Physical Distribution	£168,490	5	£18,522	1	Management	313	2	102	1
					Operative	281	2	80	1
International Traded Services	£121,886	4	£21,951	1	Management	255	2	41	1
					Operative	66	1	51	1
TOTAL	£2,126,834	67	£1,056,943	33	Management	3,524	24	3,888	27
					Operative	2,461	17	4,538	32
					TOTAL	5,985	41	8,426	59

The table above shows that training under the TSS incorporates both management and operative training. Most of the training (89%) is in the manufacturing sector with only 11% in the other two sectors combined. More training (59%) takes place in the larger companies although they received only 33% of the grant aid. More operative training (31%) than management training (27%) takes place among larger companies while the reverse of this is true for smaller companies - 17% operative and 25% management. Overall marginally more management training (51%) is undertaken than operative (49%).

Training Agencies

Training under the TSS is provided by

i) independent training agencies/consultancies,
ii) Universities and RTCs,
iii) machine suppliers, and
iv) FAS.

The top ten training agencies receiving most money from FAS via participating companies to provide training under the IRTP are listed in the table below. The total received by these agencies represents 26% of TSS expenditure in 1991. In excess of 200 training agencies carried out training under the scheme.

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TOP TEN TRAINING AGENCIES IN 1991	
Agency	**£**
IMI	242,665
Eolas	139,384
Combined Training Associates	115,416
FAS	57,280
IPC	47,101
National Industrial Fire and Safety	41,435
Plassey Management and Technology	39,018
Northbrook Consulting	35,280
Promech Consultants Ltd.	35,159
R. Mulligan and Associates	30,205
Shannon Quality Training	28,991
Ian Twomey and Associates	23,850
TOTAL	£835,784

The IMI is the top agency in six out of the ten FAS regions. It is the second highest receiver of IRTP monies in three of the remaining regions. EOLAS is the top agency in one of the regions (Mid-West) and second highest in two others. Another agency appearing high on the list in a number of regions is a private institution, Combined Training Associates (Dublin South, North East, Dublin West and South East).

From 1992 onwards all companies receiving more than IR£10,000 in training assistance will be obliged to seek three competitive tenders from trainers/training agencies. (This presently applies to less than fifty companies). Some training also takes place in Universities. Funding under the TSS can be provided to support company employees completing a degree in a relevant subject e.g. Management, Business Administration. In such instances the funding will continue over the necessary 3 or 4 year period.

Evaluation of Trainers

Evaluation of trainers takes place at regional level using FAS's register of trainers. The results are then fed back to FAS Head Office in Dublin, where final judgements are made. There are presently 560 trainers on the register. In theory only those whose training abilities are known to the Regional Industrial Advisor will be placed on the register. Occasionally, however, companies themselves suggest a trainer who is given temporary registration. The local industrial advisor then sits in on one or two sessions and completes a Monitor's Course Evaluation Form. Normally, the evaluation rests on an analysis of the response sheets

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completed by each trainee on completion of the course. Such feedback is taken to be a reasonably good indicator of the quality of training.

The Business Plan

Training grants under the TSS are conditional upon companies preparing and submitting a comprehensive business and training plan. FAS asks firms to fill in an outline or model document which asks for a description of main business activities and the objectives of the company. It provides a business checklist designed to assist companies to analyse their current business situation and set out further business plans. It covers marketing, financial control, cost management, quality, technology, maintenance and manpower. It also encourages companies to draw up a Business Development Action Plan and a comprehensive training plan based on all of the above.

Those interviewed differed in their description of how the Business Plan was used. This is probably due to the different concentration and types of industry in different regions. In general, however, the view was that whereas larger companies tend to have a comprehensive plan in any case and so need little or no guidance from FAS, smaller companies need a lot of guidance. Industrial Advisors at regional level provide such assistance. On the question of how much guidance is or should be given in the preparation of a Business Plan differences emerged among those interviewed. One manager pointed out that Industrial Advisors in his region would not have the time to go through the Business Plan with many individual companies (indeed, he maintained that private consultancies were often employed in this task). Others, by contrast, suggested that a great deal of an Advisor's time was spent doing just that. In one region it was pointed out that where companies are small and owner managed the Advisor often has to provide a lot of assistance in drafting the Development Plan. Such owner/managers might never otherwise put their company objectives and plans down on paper. The opportunity which the TSS thus gives the FAS advisor to take owners through this process was seen as a major benefit of the scheme.

All those interviewed regarded the model Business Plan as a highly successful document. In itself it acts as a training tool for managers. It forces companies to think through their business objectives and training plans and to identify priorities, strengths and weaknesses. The document is seen to strike just the right balance between accountability and bureaucracy. It is also considered to be sufficiently flexible to be adapted to the needs of individual companies.

Trade Union Training

In addition to the type of training described above, the TSS also incorporates trade union training. Grants are made available for trade union officials and representatives for training courses on productivity techniques and procedures and industrial relations practices. Such training is carried out, in the main, by the Irish Congress of Trade Unions (ICTU) and by the Services Industrial Professional Technical Union (SIPTU). The administration process for Trade Union Training is the same as for the Training Support Scheme except in the case of some SIPTU training.

Irish Congress of Trade Unions

The ICTU's training programmes are for trade union officials from unions who are members of Congress. Most are standard programmes which have had approval for many years. Some are designed with a specific trade union in mind. Examples would include courses for the Electricity Supply Board (ESB Stage 1) the Amalgamated Transport and General Workers Union (ATGWU), and the Irish National Teachers Organisation (INTO Board of Management). Examples of more general courses are as follows;

Shop Steward Introduction
Shop Steward Advanced
New World of Work
Management of Technological Change.

Details of new or once-off courses have to be submitted to FAS for approval. A netting arrangement operates for ICTU courses which allows ICTU to collect only a percentage of the courses fee from the sponsoring Unions and the remaining percentage from FAS at the end of the course. The procedure for approval and payment is as follows:

(i) Details of each course to be approved must be submitted at least one month and not more than three months before a course.

(ii) Grant approval/rejection is issued by FAS based on the information submitted.

(iii) The grant approval letter requests
a) a list of participants and
b) an ICTU certificate of attendance.

(iv) Payment must then be claimed within four weeks of the conclusion of the course.

Services Industrial Professional Technical Union

The training provided by SIPTU is called the Activist Development Programme and it operates differently. The courses are run for the Union's own officials and the costs are a charge against the Union's budget for education and training purposes. The Union does not charge the participant a course fee. A special agreement therefore applies. A netting arrangement paid directly to SIPTU is based on a percentage of the allowable cost of the courses.

Special Initiatives

Special Initiatives are designed to help specific sectors to develop training initiatives to meet collective manpower and training needs. The activity is undertaken by Service to Industry specialists in conjunction with the Industrial Training Committees. FAS maintains that such initiatives represent an important vehicle for social partner involvement in developing training programmes. The following initiatives are presently underway or have already been completed:

IRTP - SPECIAL INITIATIVES		
Initiative	**Date Agreed**	**Cost**
Engineering (Design Manufacture/Design for Assembly)	31/7/91	£18,765
Clothing Scholarship (Over two years)	19/12/90	£36,300
Irish Transporters Consociate	5/3/91	£17,000
Waste Control for Corrugated Paper Industry	1/3/91	£15,000
Maintenance Management for the Corrugated Paper Industry	19/12/90	£15,000

Two further initiatives relating to Retail and Transport were also undertaken at an approximate cost of £12,000.

Example: The Clothing Scholarship

Taking the Clothing Scholarship[1] as an example, FAS employed consultants to conduct a scholarship programme to include the provision of nine modular courses and a terminal test to develop the competency of supervisors and middle managers in the Clothing Industry.

1. The Clothing Scholarship is an independent initiative and is not connected to the Sectoral Study of the Clothing sector described earlier.

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There is particular emphasis on the key elements of the supervisory role and the instruction of participants in the principle of supervisory management.

The first module commenced in January 1991 and the final module and terminal test were completed by 31 December 1991. The duration of modules ranged from two days to ten days and the tests were conducted in accordance with the joint FAS/City and Guilds Certification. Eleven scholarships were awarded.

Certification

There is no formal certification of most training under this programme and the general view is that it would be difficult to introduce in most cases. Some of those interviewed did, however, favour its introduction or extension in some areas. In the quality control area, for example, increasing numbers are being trained to ISO9000 standard. A further trend is the numbers of technicians in the electronics field who do evening courses leading to a four year certificate in Electronic Engineering. The numbers are small in comparison to those in the quality control area but the general trend is one which it was felt should be encouraged. It was pointed out that RTCs are more than willing to run such courses if they can be convinced that local companies will avail of them. A further trend identified is the increase in the number of middle managers acquiring formal qualifications. An increase is also said to have occurred in the number of owner/managers seeking to improve their language skills.

Feedback

Feedback on the TSS is obtained by requesting all trainees to fill in forms on completion of training. How closely such forms are monitored appears to vary from region to region but their function is to inform future training decisions.

A survey has been commissioned by FAS as part of its own evaluation of the IRTP. This survey was originally intended to take place in 1991 but was postponed because FAS felt that the programme should run for a period longer than one year before being evaluated. The consequence of this is that no information on the impact of the measure could be obtained in the course of this evaluation. A decision has been taken to go ahead with the survey in 1992. FAS has commissioned the ESRI to carry out the survey, which is due for completion in February 1993. It will focus on the TSS and will involve a survey of companies/participants. It will seek to measure the benefits of TSS funding and any possible deadweight resulting. It will also attempt to establish the amount of training in general carried out in these firms. The survey will question participating companies on how they

came to be aware of the TSS, in an attempt to gauge awareness of the advertising campaign mounted under the IRTP.

Relevance

Course relevance is monitored through the updating of the training plan on a yearly basis. In general, FAS's view is that because companies are putting up money they are unlikely to approve training which is not of clear relevance. To this extent FAS appears to agree with the view expressed in the recent Deloitte and Touche report that course relevance is determined by the market. This conclusion rests on a fairly narrow definition of "relevance", however, and does not address the issue of best practice raised by Roche and Tansey in their report. Irish firms, they say, are not generally aware of the gap which exists between the levels of skills in their firms and best international practice. This will be referred to further in Section 7.

Records/Statistics

The system for producing comprehensive records on Industrial Restructuring was not well developed for the first six to eight months of its operation. An explanation for this is that the IRTP is an exception within the overall FAS framework which is largely geared towards training the unemployed. Thus, while registration procedures in respect of people not in employment are highly developed, less of a precedent exists in respect of employed people. However, the Management Training Support Scheme (see below) immediately preceded the TSS and some recording procedures must have been available for adaptation to TSS purposes. In any case, recording systems in relation to the TSS were not strong in the early months of its operation. New systems were developed towards the end of 1991 and comprehensive statistics should be available in the future. As evidence of the improved recording system, FAS provided comprehensive statistics for 1991 on

i) companies receiving assistance and the amounts received,
ii) training agencies,
iii) numbers trained, and
iv) training categories.

Further refinements to the recording systems relating to expenditure in particular, have been developed by FAS and are being implemented in 1992.

Duration of Training

The average number of hours training completed per trainee was estimated at approximately 18 in 1990 and 29 in 1991, considerably less than the five week average mentioned in the Operational Programme. TSS is demand led. To a large extent, therefore, it is companies themselves who decide how long courses should be. Views varied, but it was felt in FAS that while three days (18 hours) was probably adequate for some kinds of management development or operator/technical training, for areas such as productivity or quality assurance training it was unlikely to be sufficient. What could be achieved in such limited training periods, however, was that trainees could be encouraged towards further training and a training philosophy could be initiated within firms. FAS also point out that certain types of training activity are not recordable in terms of hours or days, citing project work as an example. If such activity is taken into account, they suggest, statistics for duration of training under IRTP are much improved.

The Management Training Support Scheme (MTSS)

The Management Training Support Scheme was an ESF funded scheme which had been in operation immediately prior to the introduction of the TSS. Unlike the TSS, grant aid under the MTSS was confined to management and supervisory training. The administration of the scheme differed from the TSS in that grant applications from companies were processed in the first instance by course organisers who then submitted the application forms and a submission for payment to FAS within two weeks of completion of a course. (Under the TSS there is direct contact between companies and FAS personnel. Course organisers/providers have little or no role in the grant application). To qualify for a grant more than 90% of the participants on a course had to hold a managerial or supervisory position. Details of expenditure and numbers trained are given in the table below:

MANAGEMENT TRAINING SUPPORT SCHEME 1988/89			
	Total Cost	Numbers	
		Total	Of which, Trade Union Training
1988	£580,000	3,800	2,700
1989	£600,000	3,900	2,600

It is clear, therefore, that the numbers involved and expenditure were considerably lower than in the case of the IRTP.

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The FAS View of the IRTP

The view of all those spoken to without exception was that the IRTP is highly successful. It is felt to have significant impact in achieving its objectives. One of those interviewed declared it to be the best scheme he had seen in operation in the forty four years he had worked in Irish industry. Another asserted that the scheme had generated more creative industrial training than had ever previously taken place in this country. The programme faces up, it is felt, to the extent of training needs and gives FAS the flexibility to tackle these in a meaningful way. All interviewed regretted that it had not been in operation much earlier.

Through the promotional campaign and the Training Support Scheme, the IRTP is felt to have done a great deal to raise awareness of the need for training within industry. It has succeeded in initiating a new consciousness of the need for training and the benefits it will bring.

The Business Plan received particular praise. It acts as a training tool for companies, particularly owner/managers who rarely feel able to take time out for formal off-the-job training. One of the values of the TSS is that it brings the FAS Industrial Advisor and the owner/manager face to face on the latter's home ground. Through the Business Plan countless skill shortages have, say FAS, been identified and tackled.

A further major advantage of the TSS to which all interviewed referred was that it strikes exactly the right balance between accountability and bureaucracy. It is user-friendly for companies and sufficiently flexible for FAS to adapt for different situations. A FAS advisor can make a judgement on whether added value, added profit or the creation of employment would result from training and grant aid accordingly.

While all those interviewed agreed that Irish education at primary and post-primary level is of a high standard, it was pointed out that the full value of such education is often only realised if people are given the opportunity to apply their education in a work environment and are given further training at an early stage. The IRTP was said to facilitate such an approach.

The TSS was compared very favourably with the levy/grant system. The latter was considered to have become practically ineffective over time. Up to 1991, the levy/grant scheme operated on the basis that qualifying firms in designated industries were levied 1% of their payroll. Firms could reclaim up to 90% of the levy paid provided they implemented training activities agreed in their sector and their training expenditure at least equalled the net amount of their levy payments. In 1991 the scheme was streamlined to avoid the

collection of monies. Firms subject to levy now pay a non-refundable levy of 0.1% of payroll. Many economic commentators have been sceptical about the effectiveness of the levy/grant scheme. The introduction of the TSS was, consequently, considered to have been very timely. Because it adopted a carrot rather than a stick approach it was felt to be much more attractive to companies. The fact that it draws companies into a type of partnership with the State was seen as an additional positive feature.

The general view, therefore, was that Industrial Restructuring - and more particularly the TSS - would continue to work well for the 1990-93 phase and should probably be extended for a further four year period. While it is regarded as very successful to date, there is more to be done, it was felt, to introduce a complete training culture in Ireland. The scheme should not remain static but continue to be refined with a view to increasing its effectiveness. Among the refinements proposed by the scheme's co-ordinator at FAS Head Office were:

i) An extension to the duration of training courses.
ii) An increase in in-company rather than external training particularly for small companies who can not afford to release staff.
iii) A greater emphasis on open-learning as a training method and
iv) A move towards the mentor approach used in other European countries where a previously trained colleague passes on his expertise to others on a one to one basis during working hours.

The co-ordinator also suggested that in the short term, were more resources available, FAS could extend the TSS to the wholesale, retail, and personal and professional services sectors. It is presently confined to manufacturing industry, physical distribution and internationally traded services. It was argued that the additional sectors would benefit considerably from the kind of assistance provided under the TSS. (Certainly, the evidence of the 1989 FAS/MRBI study was that very limited amounts of training were at that time taking place within the Services sector.)

In the longer term, however, it was felt the IRTP should become more selective and more focused. One view was that it should be directed at the two or three industrial sectors where it had proved to be of most benefit. Other sectors, it was suggested, should at that stage be left to fund their own training. The view expressed was that the first (and possibly second) phase of IRTP should be seen as an attempt to kick-start industrial training in this country. It was the general consensus that a training culture had not really prevailed in Irish industry. Once the need for training has been highlighted and a training philosophy initiated within

firms, the next phase should proceed on the basis of a more selective application of resources. FAS felt that to continue for a further five or ten years without adapting the measure would be an ineffective use of funds. The intention is that the sectoral studies will inform the focusing of the TSS in the future more precisely on sectoral training needs. Consideration is presently being given to the amendments to the TSS which might be necessary in light of the recommendations in the recent study on the Clothing Sector. Recently, the Monitoring Committee for the Industry and Services Operational Programme approved a transfer of IR£0.837m ESF into IRTP to finance the development of a training programme to meet the manpower requirements of that sector as highlighted in the study. The details of such a programme have yet to be finalised but one possibility is that training agencies will be invited to tender for the provision of courses targeted on specific aspects in the clothing field. Companies would be asked to provide up to 35% of the financing with the balance being funded by the ESF.

FAS maintains that additional money could easily and effectively be absorbed under IRTP. Its total budget for this programme for 1992 was committed by April/May of this year. Many companies were turned away last year and applications in at least one region were up about 20% by April 1992.

5: THE VIEWS OF RECIPIENT COMPANIES

A number of companies were asked for their views on the IRTP. By and large their views coincided with those of FAS. They regarded the IRTP as a highly successful programme. They found the Business Plan to be demanding but useful. It is business-like and asks pertinent questions. All agreed that FAS provided a good service in relation to this particular scheme and welcomed the regular liaison between companies and industrial advisors.

A brief summary of the comments made by two individual companies is given below. No scientifically conducted survey of firms was undertaken and the information gathered is thus only representative of the views and experiences of those who participated. While no generalised conclusions can, therefore, be drawn, those interviewed were among those most closely involved in the everyday operation of the scheme and to this extent their views provide worthwhile insight into the workings of the measure. One or two points not strictly related to the TSS made in the course of interview have been included as points of general interest.

Company A

Company A employs less than 50 people. It operates in the printing sector and is Irish owned. While some management training is undertaken at Company A most of the training is at management or supervisory level. Operator training takes place in-house but management training takes place for the most part at external venues, e.g.. training agencies. In the Training Manager's experience external management training was more effective as there were fewer distractions for trainees.

A lot of the training carried out for Company A was by the IMI. The remainder was undertaken by smaller private training agencies. FAS carried out only a very limited amount of training for the company and this tended to be in areas such as health and safety. Company A had also received funding under the TSS to send personnel to exhibitions in Spain, Germany and Sweden.

The Manager pointed out that it was very difficult for somebody in his position to properly assess the quality of training provided. This was something which should, he suggested, be done by independent evaluators or by FAS themselves. On the basis of experience to date he judged the training by the IMI to be for the most part good but expensive.

Many of the courses undertaken by staff were of only two or three days duration. This was not felt to be long enough but even releasing staff for these limited periods caused difficulties for the company.

The TSS was, the Manager felt, a very good scheme. The Business Plan, while laborious, was a necessary and useful tool. It forced managers to formalise their business objectives and identify their priorities. FAS provided a good service to firms in relation to the scheme and were always on hand to provide assistance and advice. This year Company A would qualify for less funding under the TSS than in previous years because of the new banding system. They would continue to train at the same rate, however, because the company took the view that training was absolutely essential for competitiveness. One disadvantage which the Manager now felt applied to the TSS was the requirement that a current tax certificate be submitted with every application for training assistance. This requirement placed, he felt, an unnecessary burden on firms and should be reduced to a requirement that one tax certificate be submitted per firm per year.

The Manager suggested that FAS could do more to promote training as a concept. More could be done, he felt, to publicise the type of courses available to firms and also FAS's own role as a supporter of industrial training. Having said this and while satisfied with the support FAS provided to companies under the TSS, the Manager did feel that trainees coming directly from FAS Training Centres could not be put straight into a job within a company such as this without further training. The Manager also pointed to the fact that Training Centres did not operate to the same hours as industry. More could be done, he felt, to simulate the work environment and to promote the work ethic among trainees.

Company B

Company B is a company in the chemical industry. It is German owned and employs less than 50 people. Three main types of training take place within Company B. The first of these is supervisory training. A good deal of this is external and is undertaken at the IMI or some other training consultancy. Specialised training for those in the computer field is often done by computer companies. All supervisory training is carried out with financial assistance under the TSS.

The second stream of training within Company B is funded by the company themselves. This is ongoing training provided by company staff on the premises which is designed to increase standards generally.

The third stream of training, and by far the biggest, within Company B is Total Quality Management. This is now in its second year and was undertaken with considerable financial assistance from FAS. The company has both the ISO9002 standard and the Quality Mark. The next step is to move towards Total Quality Management. Training towards this objective is very intensive involving all staff in long hours of in-house training. This training was 80% funded by FAS in its first year. The formal training period is now over and the second phase of team-building is underway. This second phase is receiving 65% funding in accordance with the new banding system being introduced for 1992.

The Manager was enthusiastic about the TSS, especially the Business Plan. The Plan is less complicated than some of the documentation under previous schemes and asks more pertinent and business-related questions. It requires firms to review their training needs and the success of training to date. While it was in some respects quite demanding FAS had been extremely helpful. The local industrial advisor had spent a great deal of time on the premises and this was felt to be very useful.

The Manager admitted that while it was to some extent true that as a company succeeds it should fund more and more of its own training, it was also the case that when times are hard training was among the first activity to be cut. He regarded the TSS as an important safeguard to ensure that Irish firms were competitive post 1993. He further pointed out that while his own firm was quite committed to training, it was his experience that many companies needed to be convinced of the benefits of training.

The view was expressed that the training on offer was of a high standard. In the Manager's experience virtually any kind of training that was required could be readily obtained. The disadvantages of training were the amount of time lost from the job when people were in training and the danger that trained people will be poached by other companies. Notwithstanding these difficulties, this company was firmly of the view that training was absolutely essential if it was to remain competitive.

Survey of Employers

In addition to visiting a number of companies for the purpose of questioning them specifically in relation to the TSS, a full-scale survey of employers was undertaken by the Programme Evaluation Unit in July and August of 1992. This survey concerned itself with training and recruitment policies generally and was designed to inform the overall approach of the Unit. While no one training measure was explored in depth, a number of points which emerged have a bearing on the TSS/IRTP.

Representatives (usually the managing director or personnel manager) of just over a hundred companies were interviewed following a process of random selection. The sample population in the case of the larger companies was the Top 1,000 company list published by Business and Finance. In the case of the smaller companies the sample was taken from the Golden Pages. 28% of the firms selected employed over 50 people. The remaining 72% employed less than fifty people. Five of the companies selected employed over 500 people. Of the 101 companies surveyed, 81 provided training for their workforce and 19 provided no training. Of those companies providing training, 11 received grants under the Training Support Scheme. Although the total sample was a relatively small one the companies surveyed employed between them in excess of 8,500 people. Those companies in receipt of assistance under the TSS employed 1,330 people. The views and patterns emerging in the course of the survey can therefore be taken to be to some extent indicative of training practices and attitudes.

Each of the 11 companies receiving grants under the TSS was asked what amount of training it would provide if it were not in receipt of training assistance. The responses were as follows:

- Four companies said they would do the same amount of training.
- Five said they would do less training.
- Two said they would do no training if not in receipt of grants.

These figures suggest that the TSS encourages companies which would not otherwise do so, or which would do so to only a limited extent, to provide more training for their workforce.

Six of the companies covered by the TSS were Irish owned while five were foreign owned. There is thus no pattern whereby one kind is more likely to avail of financial assistance.

Most of the companies involved provided both in-company and external training and favoured a combination of the two methods. No particular pattern emerged in relation to the areas in which training was provided, while one company interviewed trained only at management level, others provided equal amounts of training at all levels.

Six of the companies in question had used monies received under the Training Support Scheme for the specific purpose of retraining staff in the wake of an internal restructuring.

Companies were asked for their views in relation to State agencies delivering ESF funded training such as FAS, CERT, IDA etc. Views in respect of FAS varied considerably. Some companies had considerable praise for FAS's work; others were critical of the degree of bureaucracy which was involved in obtaining any form of assistance. The pattern which seemed to emerge was that those companies which were in receipt of support under the TSS were generally favourable to FAS, while those who received no assistance or whose contact with FAS was confined to other schemes tended to be less favourable.

One view which was commonly held however, among critics and supporters alike, was that FAS could do a great deal more to advertise the services they provided. Some of those who benefited under the TSS referred to the fact that many of their colleagues in industry were unfamiliar with the scheme and unaware that such funds were available. This view was borne out in the course of the survey when some of those interviewed declared themselves unfamiliar with the TSS. The view expressed was that FAS should provide companies with more information about both the services they provide and available funding. This view coincides with that expressed in FAS's own MRBI survey in 1989. The need for more information and more contact with FAS was clearly highlighted at that time.

The most significant results of the survey where TSS is concerned can be summarised as follows:

i) The TSS encourages companies who would not otherwise do so to train.

ii) Those companies who receive assistance under the measure generally have a favourable attitude to FAS.

iii) Some companies remain unaware that such schemes as TSS exist; to the extent that they do have dealings with FAS their views of the organisation are not as favourable as those expressed by TSS participants..

iv) A small number expressed the view that FAS could do more to increase its contacts with industry and to provide companies with information both in respect of the services it provides and the funding which is available.

These results are useful indicators of the manner in which TSS, and FAS's role generally, could be improved.

6: EXPENDITURE

Details on expenditure were provided by FAS's Service to Industry Section and the EC Affairs and Management Accounts Sections. The expenditure figures provided by the former are given in the tables below. These figures refer to all four elements of the IRTP, not just those elements which are ESF funded. They do not include apportionment of staff costs or overheads.

	1990		1991	
	Budget	Actual Expenditure	Budget	Actual Expenditure
Promotion of the benefits of training	400	420	445	405
Studies	100	-	250	210
ESRI Manpower Project	90	90	120	120
New Initiatives	100	83	100	111
Union Training	440	490	550	550
TSS - SME Financial Support	3,560	2,400	3,225	3,200
TOTAL	4,690	3,483	4,690	4,596

As has been outlined earlier in this report, ESF funding was claimed only in respect of the TSS, including Trade Union Training. No claim was made under the IRTP for ESF funding of the Sectoral Studies, Special Initiatives, promotion or the ESRI Manpower Survey. However, the Sectoral Studies and the ESRI Survey are part of the Innovatory Projects and Technical Assistance Operational Programme under negotiation.

The figures supplied by FAS's EC Affairs and Management Accounts are set out in the table below. These relate exclusively to the TSS - i.e. they do not refer to any of the other elements of the IRTP - and are inclusive of staff costs and overheads. These figures formed the basis of the final claims for 1990 and 1991.

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2. TSS FIGURES INCLUSIVE OF STAFF COSTS & OVERHEADS £M				
	1990		1991	
	Total	ESF	Total	ESF
Total Direct TSS	1.284	0.835	4.184	2.720
FAS Training Centres	1.218	0.792	0.115	0.075
Staff Costs	0.899	0.584	1.003	0.652
Overheads	0.404	0.200	0.463	0.300
Depreciation Charges	0.042	0.027	0.027	0.018
TOTAL	3.847	2.438	5.792	3.765
Less Income Apportionment	(0.867)	(0.564)	(1.042)	(0.678)
NET TOTAL	2.980	1.874	4.750	3.087

The final claim for 1990 showed a total cost of IR£2.883m with an ESF requirement of IR£1.874m. The slight difference between the total cost shown in the table and that in the Final Claim is explained in that the former is based on final accounts submitted to the Comptroller and Auditor General's Office which were not available in time for the submission of the 1990 final claim. This is normal practice and has been agreed with the EC Commission. The final claim for 1991 showed a total cost of IR£4.75m creating an ESF requirement of IR£3.087m. Apparent discrepancies contained in the tables above have been explained satisfactorily by FAS; these explanations are included in the analysis below.

Training provided by FAS

One point arising from the above figures relates to the amount spent in FAS Training Centres. That some of the funds allocated for the TSS should be spent in this way is valid but the amounts indicated for 1990 seem particularly large, amounting to more than a third of total expenditure in that year. This was surprising as FAS had said during interviews conducted as part of this study that it supplied only a very limited amount of training under the TSS. The reason given was that the type of training required under a programme like the TSS i.e., designed to upskill in very specialised areas, was better provided by outside agencies.

The matter was raised with FAS and was explained as follows: When the IRTP was originally approved, FAS was obliged to estimate the effect which the introduction of such

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a scheme would have on existing sponsored training courses. Through sponsored training, companies pay FAS to provide courses for their employees which are designed specifically to meet that company's needs. FAS took the view that, once the IRTP was up and running companies would no longer pay for sponsored training given that they could now apply for grant aid to provide training for their employees. On the basis of this view, the TSS and Sponsored Training were combined for budgetary purposes during the first two years of operation of the IRTP. Thus for 1990 and 1991, sponsored training was included under the "Training provided in FAS Training Centres" heading within the IRTP budget. This accounts for the higher than expected figure which appears against FAS Training Centres for both those years. It subsequently transpired, however, that the demand for sponsored training continued undiminished. For this reason, FAS will revert to reporting the sponsored element under a separate heading from 1992 onward.

IDA Management Development Programme

A further additional cost under IRTP as a whole was the funding for the IDA Management Development Programme. Under this Programme the IDA encourages SMEs to upgrade their management skills. The courses are approved by FAS training advisors who supervise the training provided. The support facilities which FAS provides under this programme have cost implications. As with the sponsored training element, in 1990 and 1991, FAS included the cost of this programme within the IRTP budget, this time under the Direct TSS heading. This added, though only to a small extent, to the amount quoted under this item. As in the case of the sponsored training, from this year onward the IDA Management Development element will be reported separately for budgetary purposes. Consequently, there should be less confusion in relation to the cost of the Training Support Scheme at the year end.

To summarise, the following figures formed the basis of part of the EC claim for 1991:

TSS - FINAL CLAIM 1991	
(IR£000's)	
TSS	4,135 *
Sponsored Element	115
IDA Management Development Programme	49 *
TOTAL	**4,299**

* *The sum of these two figures make up the £4.184m supplied earlier and shown in Table 2.*

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In respect of these figures, although the Sponsored Training element and the IDA Management Development Programme were included as part of the 1990 and 1991 claims, there was no over-claim to the EC in respect of the TSS. Both of these programmes generated income which was netted off before the claims were made.

Final Claim Procedures

In calculating its Final Claims FAS is obliged to operate on the basis of preliminary accounts. This is necessary in order to meet the deadline for submission of the claim. By their nature, however, preliminary accounts will include some estimates of expenditure which can only be finalised following completion of an annual audit. For comparative purposes FAS supplied the Unit with figures for the TSS following completion of the audit. These were as follows:

TSS 1991 - POST AUDIT FIGURES	
(IR£000's)	
TSS	3,867
Sponsored Element	115
IDA Management Development	72
TOTAL	**4,054**

It is clear from the post-audit figures that the estimated accruals in relation to the TSS were revised downwards by a fairly significant amount (IR£245,000) in this instance. FAS points out that there are always some differences on programmes following completion of an audit but that these generally tend to cancel each other out. The particularly large difference in the case of the TSS was explained by the fact that FAS's new regionalised computer system had gone live in late 1991 creating a certain amount of confusion and some difficulty in setting up correct accruals on the new system.

Budget Administration

One final question was why the figure under the Training in FAS Training Centre heading in 1990 was ten times larger than that for 1991. This was connected to structural changes in the way in which budgets were administered. During the first year of its operation responsibility for the TSS budget was in the hands of local training centre managers whereas in the second year it was controlled centrally. This resulted in certain budgetary items being

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set against the Training Centre heading in the first year and against Direct TSS in the second year.

ESF Funded Elements of IRTP

The question of which elements of the IRTP are ESF funded at first provoked confusion in FAS. However, claims for funding under the Industry and Services Operational Programme were made only in respect of the TSS. The confusion arose in part because of a misunderstanding of what is meant by IRTP. To some in FAS, IRTP is simply another name for the TSS while to others the term signifies all four elements outlined earlier. This confusion is magnified by the fact that the Operational Programme speaks in terms of the IRTP but the activity it describes and for which funding is claimed is largely TSS activity. For the future the terminology issue should be resolved and any new Operational Programme should speak in terms of the TSS rather than the IRTP.

The Irish Management Institute

A final point in relation to expenditure concerns one of the training agencies which supplied training under the measure. The IMI received more money than any other agency for carrying out training under the TSS in 1991 - IR£242,665. The IMI also receives ESF funding under a separate sub-measure to run management development courses. (This, like the IRTP, is one of the sub-measures of the Management Development for the Internal Market Measure of the Industry and Services OP.) The IMI received £250,000 ESF in 1990. In the course of this study it emerged that at least 57 companies listed with FAS as recipients of training support under the TSS are also listed with the IMI as companies participating on ESF assisted courses. This matter will be investigated more fully in the context of a more indepth evaluation of the Management Development Measure as a whole.

7: EVALUATION

The Performance of the IRTP

The IRTP addresses a clear need within Irish industry. Recent reports point to a dearth of training and the strong possibility of a skills shortage when Irish industry is compared with that in other European countries. By tackling these problems the IRTP is fulfilling a much-needed function. All those interviewed were highly enthusiastic and considered that it was having significant impact in achieving its objectives. That those working most closely with the scheme should be unanimous in their approval is a measure of its value.

The whole approach to the scheme seems well thought-out, for example, the division of expenditure between a campaign promoting training generally, the TSS and research on specific industrial sectors. Those interviewed took a long-term view, believing that whereas in the short/medium term training support is needed, in the longer term companies should be encouraged to provide training independently of, or at least with less, State aid. The TSS, by requiring companies to provide a percentage of the funding, is contributing to this process.

The focus of the programme is also appropriate, focusing on small, indigenous companies which research has shown to be most in need of training assistance. The Business Plan in particular has been a highly valuable innovation. It encourages the development of good practice in the articulation of company priorities, objectives and training needs. Companies themselves are strong in their praise of the Business Plan. Among the reasons for this is that it brings FAS's Industrial Advisors into close contact with industry and thus initiates a valuable two-way liaison.

The various refinements which FAS have introduced as the scheme progresses have improved it. The new banding system is a particularly worthwhile development, ensuring better distribution of funds. (There is room for further improvement but this will be referred to below.) The programme has also been tightened up by the introduction of a condition whereby companies owing monies to FAS are refused grant-aid. Such ongoing refinement is welcomed.

The IRTP has clearly addressed a number of the issues brought to light by the 1989 FAS/MRBI Survey. At that time firms articulated a need for more grants, more information

and more visits from FAS personnel. The IRTP seems to have gone some way toward bringing this about.

There appears to have been an increase in training since the inception of the IRTP. The Quality Control example was frequently quoted as there has, it is claimed, been a marked increase in the numbers of those trained to ISO9000 standard and in the number of firms introducing Total Quality Management. (This point would have considerably more force however if it could be backed up by statistical evidence. No such evidence exists.)

In all of these respects therefore the IRTP has been a very positive development. There remain however a number of areas on which more attention should be focused or where improvements could be introduced.

Recording Procedures/Expenditure Issues

Questions were asked of FAS in respect of the disparity in figures supplied via the Department of Labour to the European Commission. The 37,000 figure for persons trained under the programme in 1990 was more than three times the figure of 12,000 which FAS, in the course of an interview, suggested to have been the true figure. It was the latter figure which appeared in the FAS Annual Report for 1990.

The impression conveyed at regional level was that recording mechanisms had greatly improved and would improve further with increased computerisation. At Head Office level, the provision of comprehensive statistics (summarised in Section 4) confirmed this impression.

However, it must be pointed out that, where expenditure on the IRTP was concerned, there was a certain lack of co-ordination within FAS. Those individuals with most knowledge about the actual workings of the programme did not, in some cases, have all the details on expenditure and vice versa. More co-ordination in respect of these matters would have made the process of evaluating the programme easier and might also contribute to its better operation. The decision to simplify budgetary procedures in respect of the IRTP from 1992 onward (see expenditure chapter above) is welcome and should make future analysis of the IRTP more straightforward.

Follow-up Research

Another factor which makes concrete conclusions on the impact of the IRTP difficult is the absence to date of any follow-up research on the effectiveness of the programme. FAS has not so far carried out the impact study on the TSS which it had proposed in its original submissions to the Department on this programme. The delays incurred in starting up the programme were partly responsible for this. There was clearly no point in carrying out a report while the programme was still in a very preliminary stage. The study is now being commissioned and should be complete by February 1993. In the absence of such information, the analysis of impact contained in this report must rest purely on statistics for numbers trained and activity days and on the general impressions of FAS personnel. No actual figures pointing to an increased incidence of training since the inception of the IRTP can be quoted. The general impression obtained, and this was reinforced by the result of the Unit's Survey of Employers, was certainly that training had increased as a consequence of the TSS but this point could be made much more forcibly if FAS were in a position to provide figures to this effect. The results of a survey of the impact of the IRTP could also very usefully be compared with the results of the FAS/MRBI study of the training needs of industry carried out in 1989.

Programme Title

The division of the programme between the four elements is not mentioned in the original description in the Operational Programme, which refers exclusively to the TSS. This evaluation agrees that such a breakdown is valid, allowing different aspects of the problem of insufficient training to be tackled. Confusion is caused by the fact that in FAS some of those spoken to thought of the IRTP purely in terms of the TSS whereas to others it encompassed all four elements described earlier.

In addition to the confusion which the interchangeable use of the terms TSS and IRTP causes, there is a further reason for renaming this sub-measure. "Industrial Restructuring" is a wide term which could be understood to mean the complete restructuring of industry to meet technological change and development. While what happens within the presently termed IRTP is part of this process, it alone does not, nor can it bring about a complete restructuring of industry as a whole. A renaming of this sub-measure would therefore give a more accurate description of the activity involved.

Targeting the IRTP

By focusing on small and medium-sized indigenous companies, the IRTP is targeting to some extent companies most in need of training assistance. There is, however, considerable scope for narrowing the focus further. As the scheme currently operates, no special provision is made for companies in the traditional sectors. However, it is in such sectors that training is at its lowest. The introduction of some form of "positive discrimination" in respect of such industries, such as higher grants, might help address the problem. This possibility should be explored.

The banding system which determines the amount of assistance companies receive could be adapted still further to ensure that more money goes to the very smallest companies. The profile of Irish industry needs to be considered in this context. 80% of Irish firms employ less than 50 people. Of these, 38% employ less than ten people. Only 17% of Irish firms employ more than 50 people and fewer than twenty companies based in Ireland employ more than 500 people. Clearly the vast majority of Irish companies are extremely small. The IRTP as currently operating attempts to ensure that a higher proportion of grants go to smaller companies. A case can be made for adapting the system still further given just how small many Irish companies are. Training incidence increases with firm size which means that the larger a company, the less need there is to provide training assistance. (Statistics quoted earlier relating specifically to the IRTP show that 58% of larger companies train as compared to 42% of smaller companies.) Currently, all companies with under 50 employees receive up to 65% grant aid. (In 1990 they received up to 80%.) Therefore, the 38% of such firms that employ less than ten people receive the same levels of grant aid as those who employ up to 50 people. A new banding structure whereby more resources go to companies with under ten employees could easily be introduced. Similarly, the arrangements for the higher bands, companies with between 51 and 500 employees, should be altered so that such companies receive less subsidy. This is not to say that grant aid to such firms should be discontinued - in the wider European context they are SMEs and suffer all the competitive disadvantage this implies - but that the system could be more loaded than at present in favour of the smallest firms where the lack of training is most obvious. (Some suggest that these firms are most likely to be a source of employment growth in the future.) By the same token a lessening of subsidy to the relatively larger firms may encourage them to fund more of their own training in the longer term. This should be the ultimate objective of the IRTP.

At present assistance is provided under the IRTP for all kinds of industrial training, including that which is firm specific. Left to themselves, however, firms will engage in such training anyway. As Roche and Tansey point out "firms will meet the full costs of training that is

specific to the enterprise because they capture the full rate of return on such training". It is training in skills of more general applicability on which the TSS should concentrate. Small firms tend to be reluctant to engage in such training because of the danger that trained staff will be poached by other companies. Moreover, because it is not considered to be as absolutely necessary as firm-specific training, firms are reluctant to burden themselves with the difficulties of releasing people for general training purposes. Even when they do embark on such training it is one of the first expenditure items to be cut in time of recession. There is, therefore, an ongoing need to subsidise general training. This view coincides with that expressed in the recent Culliton Report which stated: "There should be no subsidies or grants for firm-specific training...But good general training needs both subsidy and a new approach."

The one exception to the rule outlined above might be in the case of extremely small firms, possibly in a start-up situation, which would not be in a position to provide even firm-specific training without grant aid. In such cases assistance for both kinds of training should be continued. For most firms though, as indicated earlier, the rule of thumb should be that only general training is subsidised. Training which is specific to the firm's activities should be paid for by the firm itself. The definition of what is and what is not firm-specific will not always be straightforward, of course, but reasonably clear criteria could be drawn up which would eliminate most potential areas of confusion in this regard.

Evaluation of Trainers and Training

The impression given is that the evaluation of trainers is not systematic. By and large the quality of training is taken on face value. While the responses of trainees on this matter are useful, they are not in themselves an adequate evaluation of training standards. A more comprehensive system of evaluation incorporating, resources permitting, an "inspectorate" approach should be considered. Such inspectors could examine both the quality and cost of courses as well as their compatibility with the objectives of the IRTP and make recommendations accordingly. The necessity for this was highlighted by some of those interviewed, who commented on the difficulty they sometimes experienced in assessing the quality of training which had been received from outside agencies and also on the expensiveness of some courses. Particular reference was made to the IMI in this regard. If Industrial Advisors do not have the time to perform this role a specialist team should be set up who could concentrate on this aspect. Some reallocation of responsibilities or increase in numbers which made it possible for Industrial Advisors to fulfil this function would be the ideal solution. Such an approach would enhance the effectiveness of expenditure under

this programme, but it is accepted that such a development may be constrained by funding implications.

The new condition of TSS support whereby any firm receiving more than £10,000 in training assistance must seek at least three competitive tenders from training agencies is relevant in this regard. This rule is one mechanism for ensuring value for money is obtained from training agencies and care should be taken to see that it is rigorously applied in the future. A case could be made for reducing the ceiling at which the condition comes into effect from £10,000 to £5,000 or £6,000.

A related point is the location of training agencies. It is apparent from the material received from FAS that many trainees travel some distance to acquire training. The IMI, for example, a Dublin-based training agency, was the most heavily subscribed agency in six out of the ten FAS regions. Presumably in many cases the type of training required is only available at a distance. However, care should be taken when scrutinising training applications to ensure that firms are aware of training available close to home and are encouraged to avail of such training unless the firm's specific requirements can only be met further afield. This would save trainees considerable travel time and perhaps make it easier for companies to release them for training. It would also save the cost of trainees travelling as this is not covered by the training grants.

Duration of Training

The average duration of courses ranges from 18 to 29 hours. For the most part, this cannot be sufficient. FAS themselves agree with this view but argued that it was a difficult situation to remedy given the difficulties experienced by companies in releasing staff. They also took the view that even if courses were not long enough to provide comprehensive training they might at least whet the appetite for further training. This approach is valid in the short term but more effort should be made in the future to encourage longer training periods - possibly by making grant aid conditional on courses of a certain length. In some instances in-company training or open learning would help ease the difficulties. Other possible ways of increasing the time spent in training should be explored.

Course Relevance

Generally speaking, FAS took the view that course relevance was market-led, that firms put time and money into courses and would only do so if they were relevant. This is a conclusion resting, as mentioned earlier, on a fairly narrow interpretation of relevance. Recent literature

clearly shows that Irish firms are unaware of the best practices in operation in competitor countries abroad. Viewed in these terms, training may not be as relevant as it should be. It is therefore necessary to make Irish firms aware of the skills available in similar companies abroad and mechanisms whereby this could be achieved should be explored. The sectoral studies currently being undertaken by FAS provide one opportunity for research in this area. FAS should ensure that this aspect is researched along with other aspects of skill and manpower needs. It might also be helpful if regional Industrial Advisors were encouraged to make firms increasingly aware of the competition they face from similar companies abroad. Inevitably, the approach of regional managers differs from region to region. This is unavoidable but there may be scope for making more effort to ensure a uniform awareness among advisors of the objectives of the programme and that they are kept well-informed of the type of skills available in the rest of Europe.

Although the Operational Programme speaks in terms of managerial/supervisory training, much of the training (48%) under this measure is in fact, at the technical/operative level. However, such training meets a clearly identified need; it is an effective use of IRTP expenditure and clearly furthers the objectives of the programme. Moreover, while specific reference in the Operational Programme is confined to managerial/supervisory training some of the training areas listed as examples to be covered by the TSS encompass a technical/operative element. It is, therefore, likely that the original intention was to include both managerial/supervisory and technical training within the scope of the TSS.

With regard to management training, in addition to developing the marketing and financial skills of managers, the opportunity should be taken to instill an appreciation of the benefits of training generally. Only if managers understand the value of training their workforces will such schemes as the TSS be used to maximum effect. Indeed, the Culliton Report recently called for management training to be a prerequisite for other forms of training. Irrespective of whether this comes about, agencies engaging in management training should be encouraged to promote among managers an appreciation of the value of training their workforces.

Certification

Finally, it is accepted that certification for many of the courses funded under this measure is neither feasible nor necessary. The trend towards certification in some instances is noted, however, and should be encouraged.

8: CONCLUSIONS AND RECOMMENDATIONS

Two recent studies provide assessments and recommendations on the IRTP. These are Deloitte and Touche's "Mid-Term Evaluation of the Operational Programme for Industry" and Roche and Tansey's " Industrial Training in Ireland". In both cases the IRTP was analysed only as part of a much larger whole and this limited the attention devoted to it. The results of these studies are outlined in brief below.

The conclusions of the two reports were diametrically opposed. Deloitte and Touche question the relevance of the Sub-Measure. They say that it is of so low a cost as to raise doubts about its effectiveness and suggest that 18 hours teaching input is too low to have significant impact on the objectives of the Sub-Measure. They also say that, although the courses on offer fall under the FAS Quality Assurance system, they can be of so low a level as to be of inherently unsatisfactory quality. It should be noted that Deloitte and Touche did not query figures supplied and therefore operated on the basis of the 37,000 figure for persons trained.

While a number of the points raised by Deloitte and Touche are valid and have indeed already been mentioned as areas where improvements could be introduced, the Unit takes the view that they concentrate on the negative aspects of the Sub-Measure without paying sufficient attention to the positive.

Roche and Tansey, by contrast, can be said to take the opposite approach. They comment as follows:

> "The programme ... has proved to be very popular and by implication useful to firms. By April '91 the available budget for the year had been exhausted. From the point of view of firms it allows them to identify their priority needs and to get support to send key people on approved programmes. From a FAS point of view it is a very effective way of having a significant influence on development skills in priority areas of Irish industry."

The conclusions of this report would be nearer to the views expressed by Roche and Tansey than those of Deloitte and Touche. Roche and Tansey's views on the relevance of the approach and its application to the current position of Irish industry are in accord with the findings of this evaluation. Like Roche and Tansey this report would conclude that the TSS

has a "potentially very significant role to play in enhancing the skills of SMEs and developing their capabilities to be competitive".

While Deloitte and Touche may have been too negative, Roche and Tansey - perhaps because they had too little time to analyse the programme fully - may be too positive and too uncritical in their assessment. This evaluation concludes that, while the approach of the IRTP is highly relevant, its actual impact is difficult to properly assess until follow-up research on the programme's effectiveness is complete. On the basis of information available and views expressed in the course of interviews conducted as part of this study, the scheme appears to be working well. It was certainly regarded extremely positively by those spoken to both in FAS and in industry.

The conclusion of this evaluation is that a further year of accurate records is required in respect of this sub-measure. This, combined with follow-up work on the qualitative aspects, will allow for a definitive judgement on the success of the programme. Should such a case be made the Unit would endorse the continuation of the programme and would fully support the general approach which it takes to tackling the problem of insufficient training within industry.

The Unit recommends a number of refinements to the scheme as currently operating. These should ensure that the scheme has greatest impact where it is most needed. Most of these have been mentioned already but are summarised briefly below:

i) The focus of the TSS should be increased by making special provision for companies in traditional sectors and by altering the banding system so that the very smallest companies benefit more and the relatively larger companies benefit less than is the case at present.

ii) For the future training assistance under the TSS should be confined in so far as is practicable to training which is not firm specific. Firms should fund the training specific to their own operative needs. This would require the establishment of as clear definitions as possible as to what constitutes firm specific training. The only exception to this rule should be in the case of very small firms which cannot afford to fund even essential firm-specific training themselves.

iii) More attention should be paid to the method of training, ensuring that the decision as to whether training is external, in-house, or possibly achieved via an open learning package is taken on the basis of what is most appropriate for the particular company or the particular training objective.

iv) A new approach should be taken to the evaluation of trainers and training, including possibly the establishment of a small inspectorate for this purpose but more ideally a reappraisal of the existing functions of Industrial Advisors which would allow them more time to devote to this aspect of the job.

v) The newly introduced condition whereby any company in receipt of more than £10,000 in training grants must seek competitive tenders should be rigorously applied. Consideration should be given to applying this condition to a lower level of assistance.

vi) An increase should be sought in the duration of courses and mechanisms should be developed to make it possible for companies to avail of longer courses. Possible routes might be to encourage greater use of in-company training or open learning techniques.

vii) Greater attention should be paid to the issue of course relevance. Companies should be asked for more input as to the type of training required. In addition research should be done into the best practices employed in similar companies abroad and training courses should be adapted on an ongoing basis to incorporate such practices.

viii) FAS personnel should themselves receive regular up-date training covering such areas as the objectives of the programme and the types of skills available abroad.

ix) An increase in certification where possible should be sought.

x) It is suggested that liaison on IRTP expenditure issues between FAS's EC Affairs and Service to Industry Sections should be improved. This would be a major factor in improving the quality of information provided in respect of the programme.

xi) Finally, increased effort should be made to ensure that industry is aware of the services which FAS provides and of the funds that are available under schemes such as the IRTP.

The IRTP seems to be going a long way towards achieving the objectives laid down in the Operational Programme. The results of this evaluation suggest that, were the refinements outlined above to be introduced, the IRTP would become a very successful tool for enhancing the competitiveness of the Irish economy.

Final Comments

In an ideal world industry would fund its own training. One recent commentator points out that "training should be considered as a normal business investment and not something which is provided externally by others or engaged in only on receipt of a grant."[2] Even in very strong economies however it is likely that there will always be a need to support smaller firms and to grant aid general (as opposed to specific) skills training. In a relatively weak economy like Ireland's, where a large proportion of firms are extremely small, this case can be made even more strongly. For this reason a programme such as the IRTP and in particular the TSS is highly relevant. Roche and Tansey point out in their report on industrial training in Ireland that "skills and knowledge constitute one of the few areas where an economy can still command a differential factor advantage." Such factor advantages can, they say, provide a platform for self-reinforcing competitive success." If administered effectively and in as cost effective a manner as possible the IRTP could contribute to the development for the Irish economy of just such a differential factor advantage as that to which Roche and Tansey refer.

2. *J. J. Sexton: "Manpower Policies in the 1990s: Some Observations on the Views of the Review Group"*

Other Evaluations Completed by the European Social Fund Programme Evaluation Unit

Preliminary Review on Community Employment (June 1995)

Report on the Impact of Evaluations (May 1995)

Evaluation Report on Training and Employment Grants (February 1995)

Evaluation Report on the Vocational Preparation and Training Programme (August 1994)

Survey of Micro Enterprise (July 1994)

Thematic Evaluation on Women's Training Provision (April 1994)

Thematic Evaluation on Recording Systems (April 1994)

Thematic Evaluation on Impact Indicators (April 1994)

Thematic Evaluation on Training of Trainers (March 1994)

Survey of Employers (December 1993)

Follow-Up Evaluation on the FÁS Specific Skills Training Programme (December 1993)

Follow-Up Evaluation on the FÁS Industrial Restructuring Programme (December 1993)

Evaluation of Certification Systems (December 1993)

Evaluation Report on FÁS Enterprise Measures (June 1993)

Evaluation Report on the Human Resources Sub-Programme of the Tourism Operational Programme (June 1993)

Evaluation Report on the Middle Level Technician and Higher Technical and Business Skills Programmes (June 1993)

Evaluation Report on the Advanced Technical Skills Programme (December 1992)

Evaluation Report on the FÁS Specific Skills Training Programme (December 1992)

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